

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of

MOLOKAI PUBLIC UTILITIES,
INC., WAI'OLA O MOLOKA'I, INC.,
and MOSCO, INC.

For Temporary Rate Relief.

Docket No. 2008-0115

PUBLIC UTILITIES
COMMISSION

2008 NOV -6 P 12:58

FILED

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COUNTY OF MAUI'S RESPONSE TO MOLOKAI PUBLIC UTILITIES, INC.,
WAI'OLA O MOLOKA'I, INC., AND MOSCO, INC.'S MOTION TO EXTEND
ORDER APPROVING TEMPORARY RATE RELIEF

VERIFICATION OF CHARMAINE TAVARES

CERTIFICATE OF SERVICE

DEPARTMENT OF THE CORPORATION COUNSEL

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COUNTY OF MAUI'S RESPONSE TO MOLOKAI PUBLIC UTILITIES, INC.,
WAI'OLA O MOLOKA'I, INC., AND MOSCO, INC.'S MOTION TO EXTEND
ORDER APPROVING TEMPORARY RATE RELIEF

Comes now, COUNTY OF MAUI, by and through its attorneys, BRIAN T. MOTO, Corporation Counsel, and JANE E. LOVELL, Deputy Corporation Counsel, and hereby responds to the motion filed by Molokai Public Utilities, Inc., Wai'ola O Moloka'i, Inc. and Mosco, Inc. (hereinafter referred to collectively as the "Utilities,") to extend the period of temporary rate relief granted by the Public Utilities Commission (hereinafter "PUC"), as follows:

I. INTRODUCTION

On May 30, 2008, the Utilities unilaterally announced that they would cease all water and wastewater service to their 1,200 customers unless some public or private entity assumed the Utilities' operations.

The County is a customer of the Utilities and depends upon water service provided by the Utilities for, among other things, fire protection through fire hydrants along Kaluakoi Road, through Maunaloa town, and in the Kualapuu area. In addition, the County's Department of Parks and Recreation relies on the Utilities for water for the County's Papohaku Beach Park and for the County's Kualapuu Park.

After receiving an unprecedented rate increase from the PUC, the Utilities withdrew their threat to shut down, at least temporarily. However, the temporary rate increase has caused great hardship to the Utilities' customers in Molokai, many of whom lost their jobs when Molokai Properties, Limited laid off most of its workforce. The County has offered financial assistance to affected

customers of the Utilities who cannot afford the steep rate hikes. Thus, the County's finances are directly and adversely affected by a prolonged period of "temporary" rate increases.

II. THE CURRENT RECORD IS NOT SUFFICIENT TO JUSTIFY GRANTING THE UTILITIES' MOTIONS

Although extending the temporary rate increase may be warranted, County cannot determine at this time whether the PUC would be justified in granting the instant motion. The County has not received proof in the form of audited financial statements and documentation regarding financial transactions between related entities that would allow the County to properly evaluate the Utilities' claims. The Utilities have not only failed to provide the County with requested information concerning their systems; their parent company, Molokai Properties, Limited has failed to fully respond to the PUC's June 5, 2008 request for "detailed information and documentation on the financial requirements of each of the Utilities to be self-sustaining and the impact on the Utilities' ratepayers."

The PUC informed MPL on June 5, 2008 that the PUC needed "more detailed information and documentation," and required MPL to "provide detailed documentation as to the revenue requirements for each utility, their expenses, and the likely resulting rates that will be required to ensure the continued provision of utility services." The PUC requested "all relevant information regarding the Utilities' operations and [the] plan for transitioning the Utilities to a third party or parties." The plan was to identify

"all utility assets, ownership and valuation of the assets and the terms of any conveyance of those assets."

The PUC gave MPL until June 12, 2008 to provide the required information. The sparse information provided in MPL's letter of June 11, 2008 was not responsive to each of the PUC's requests. Subsequent filings by the Utilities, including a filing made on or about November 3, 2008, have consisted of unaudited financial records of various types. Neither the PUC nor the Consumer Advocate should have to rely on unsubstantiated assertions and unaudited financial statements. Therefore, the PUC should not grant the Utilities' motion to extend the temporary rates unless and until the Utilities and their parent company provide adequate documentation.

III. RELIEF REQUESTED

County repeats (and updates) its previous requests that the PUC take the following steps:


1. Maintain in place the PUC's order requiring the Utilities to continue to provide utility services unless and until the PUC approves a transfer or surrender of their CPCNs to a public or private third party;
2. Immediately issue subpoenas or subpoenas duces tecum for the books, records, accounts, and witness testimony necessary for the PUC and the Consumer Advocate to determine whether the temporary rate increases should be extended;
3. Investigate each of the Utilities and their respective operations, revenues, assets, practices, and services;
4. Require that the Utilities prepare and submit a plan for the continued operation of the Utilities beyond February 2009;

5. Review any information or plans of the Utilities for the transfer or other disposition of utility assets or operations; and
6. Disseminate information obtained through its investigation to the Utilities' customers and the public.

DATED: Wailuku, Maui, Hawaii, November 5, 2008.

BRIAN T. MOTO
Corporation Counsel
Attorneys for COUNTY OF MAUI

By:

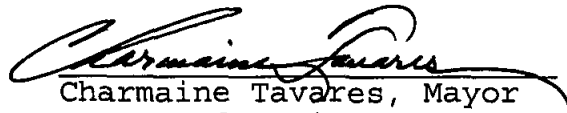

Jane E. Lovell
Deputy Corporation Counsel

VERIFICATION OF CHARMAINE TAVARES

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

Charmaine Tavares, being first duly sworn, deposes and says:

That she is the duly-elected Mayor of the County of Maui; that she is authorized to verify this pleading; that she has read the foregoing pleading and knows the contents thereof; and that the contents thereof are true to the best of her knowledge, information, and belief.


Charmaine Tavares, Mayor
County of Maui

L-S. . . .
Subscribed and sworn to before me this
5th day of November, 2008.

Marguerite Ah Kee
Notary Public, State of Hawaii
My commission expires: 7/3/2011
MARGUERITE AH KEE

L-S. . . .
Doc. Data: 11-5-08 # Pages: 8
Marguerite Ah-Kee Second Circuit
Doc. Description County of Maui's
Response to MoloKai Public Utilities,
Inc. Wai'ola O MoloKai, Inc and Mosco, Inc's
Motion to extend order Approving Temporary Rate Relief
Marguerite Ah-Kee
Notary Signature Date 11-5-08
NOTARY CERTIFICATION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of

MOLOKAI PUBLIC UTILITIES,
INC., WAI'OLA O MOLOKA'I, INC.,
and MOSCO, INC.

For Temporary Rate Relief.

Docket No. 2008-0115

CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that on this date a copy of the foregoing document was served upon the following by First Class Mail, by depositing copies bearing sufficient postage with the U.S. Post Office, addressed as follows:

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Kris N. Nakagawa
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MORIHARA LAU & FONG LLP
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Peter A. Nicholas
MOLOKAI PUBLIC UTILITIES, INC.
WAI'OLA O MOLOKA'I, INC.
MOSCO, INC.
MOLOKAI PROPERTIES LIMITED dba MOLOKAI RANCH
745 Fort Street, Suite 600
Honolulu, Hawaii 96813

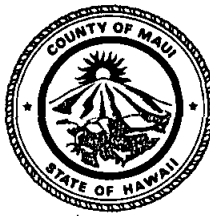
Catherine P. Awakuni
Executive Director
CONSUMER ADVOCATE
Division of Consumer Advocacy
Department of Commerce and Consumer Affairs
P. O. Box 541
Honolulu, HI 96809

DATED: Wailuku, Maui, Hawaii, November 5, 2008.

BRIAN T. MOTO
Corporation Counsel
Attorneys for COUNTY OF MAUI

By: Jane E. Lovell
Jane E. Lovell
Deputy Corporation Counsel

CHARMAINE TAVARES
Mayor



BRIAN T. MOTO
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November 5, 2008

PUBLIC UTILITIES
COMMISSION

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FILED

Public Utilities Commission
State of Hawaii
465 South King Street, Room 103
Honolulu, Hawaii 96813
Attention: Chief Clerk of the Commission

Re: In the Matter of Molokai Public Utilities, Inc.,
Wai'ola O Moloka'i, Inc., and Mosco, Inc., For
Temporary Rate Relief; Docket No. 2008-0115

Dear Chief Clerk of the Commission:

Enclosed for filing please find the original and 10 copies of County of Maui's Response to Molokai Public Utilities, Inc., Wai'ola o Moloka'i, Inc., and Mosco, Inc.'s Motion to Extend Order Approving Temporary Rate Relief; Verification of Charmaine Tavares; Certificate of Service.

Please return the two (2) additional file-marked copies to this office. A self-addressed, stamped envelope is enclosed for your convenience.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script that reads "Jane E. Lovell".
JANE E. LOVELL
Deputy Corporation Counsel

JEL:dw
Enclosures

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